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SIPDIS

DEPARTMENT FOR EUR/RPM AND EUR/WE
OSD FOR I. BRZEZINSKI
USNATO FOR JUHL, WRIGHT AND WELLS

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TAGS: [MOPS](#) [PREL](#) [PGOV](#) [SP](#) [NATO](#)

SUBJECT: DASD BRZEZINSKI DISCUSSES NATO NON-FUNDING OF
SPANISH AIR DEFENSE WITH MOD OFFICIALS

Classified By: Political Counselor Kathleen M. Fitzpatrick for reasons
1.4 (A), (B) and (D)

Summary

1. (C) Deputy Assistant Secretary of Defense (DASD) for European and NATO policy Ian Brzezinski met February 26 with Ministry of Defense officials in Madrid to discuss the NATO Security Investment Program,s (NSIP) funding of Spanish air defense systems and Spain's blockage of NATO infrastructure projects at both U.S. bases in the CONUS and Aviano Air Base, Italy. The U.S. side rolled out its new &over and above8 eligibility policy that updates the criteria for providing NATO common funding for portions of national air defense systems. The Spanish agreed that this new policy should be applied to NATO,s future Air Command and Control System (ACCS) but not to the current NATO Integrated Air Defense System (NATINADS). Spain asserted, inaccurately, that NATO had approved funding of approximately 50 million euros for Spain's air defense systems before the "over and above" policy was put in place. NATO should therefore fund this amount for Spain's air defense systems.

2. (C) DASD Brzezinski replied saying the U.S. greatly appreciates Spain's contributions as a close ally. Nonetheless, the over and above policy was in effect before Spain's system requirements were submitted for NATO consideration and at any rate, the NATO Security Investment Program (NSIP) could no longer afford to fund air defense systems to the extent Spain wished. If NATO did so, the NSIP would not have funds for higher-priority projects essential to NATO Transformation. Spain agreed to consider an initial mutual un-blocking of some NSIP projects as a first step toward resolving the impasse, and Brzezinski agreed the U.S. would take another look at whether any portions of Spain's air defense system warranted NATO funding within the over and above limitation. End summary.

GOS: Fund Air Defense Retroactively

4. (C) Jimenez-Ugarte laid out Spain's position: Spain gets only 40 cents for every dollar it contributes to NATO and has been proud to be an ally that "has not made substantial financial demands on the Alliance8. Spain, he said, was only asking for NATO to fund 20 percent of its "NATINADS" radar system, which amounted to approximately 50 million euros. Spain had funded or will fund the remaining 80 percent. Spain did not disagree with the U.S.'s "over and above" policy, but believed the U.S. decided to apply the rule after NATO had already approved Spain's radar system. The rule should therefore not apply to Spain's air defense projects. He said Spain would have a difficult time lifting the Aviano blocks if the parties could not reach a compromise on Spain's air defense system.

DASD Brzezinski: NATO Cannot Exhaust NSIP Funding on ACCS

5. (C) DASD Brzezinski emphasized the U.S. greatly appreciates Spain's contributions to the War on Terror, in the Balkans and in Iraq and is proud that Spain is one of our closest allies. He said, however, that Spain's blockage of Aviano infrastructure projects in the NSIP was inhibiting NATO transformation and was a growing irritant in relations. He noted that the "over and above" policy was not new and the U.S. had long said NATO should only fund air defense systems beyond national requirements. Aside from that, times had changed since Spain first requested funding for its air defense system in the late 1990s, and NSIP simply could no longer afford to fund members' air defense systems beyond the over and above principle. If NSIP funded more for air defense systems, the budget would hemorrhage as other countries would insist on the same treatment. Funding would not be available to pay for higher-priority NSIP projects such as new satellite communications, missile defense, NATO enlargement, Airborne Ground Surveillance, creating

deployable Combined Joint Task Forces, and implementing the new command structure, all of which are estimated to cost 3.5 billion euros. Responding to Spain's concern that it was paying more than it was receiving in NATO funds, DASD Brzezinski stressed that, over the next five years, Spain would be the beneficiary of approximately 800 million euros of NATO and U.S. funding destined for infrastructure projects supporting ACCS, Rota Naval Base, and the new HQ LANDSOUTH.

Steps Toward Resolving Impasse

16. (C) After further discussion, DASD Brzezinski suggested the parties take a first step toward resolving the impasse by mutually lifting blocks on relatively small-scale projects: The U.S. would lift blocks related to Rota Naval Base and several other bases worth about 2.4 million euros, if Spain lifted un-blocked projects in the CONUS worth about 2 million euros. Brzezinski also said the U.S. would take another look at Spain's unfunded air defense projects and the associated cost estimates (once Spain provided more detailed, "Type B" estimates) to determine if the NSIP could fund additional sums while still staying within the over and above parameters. The meeting ended on a positive note.

SFOR/Bosnia

17. (C) In a brief pull-aside, Jimenez-Ugarte told Brzezinski Spain agreed SFOR should terminate by year's end with a follow-on EU force taking its place. The GOS agreed that the EU force should reinforce the Berlin Plus principles, that DSACUER would have operational command, develop operational plans and carry out force generation, and AFSOUTH would be in the chain of command. Brzezinski emphasized the change in forces was not simply a re-flagging exercise -- the EU force would be different from SFOR and would focus on civil order and law enforcement functions. The EU force would have a heavy police composition. Jimenez-Ugarte agreed with this formulation.

The Delegations

13. (C) DASD Brzezinski was accompanied at the meeting by Clarence Juhl, Deputy Defense Advisor, USNATO; David Wright, Director of Infrastructure and Logistics, USNATO; El Wells, Assistant for NATO ACCS, USNATO; Anthony Aldwell, Senior Analyst, OSD/NATO Policy; and the Embassy's Pol-mil Officer, Defense Attache and Assistant Air Attache. The Ministry of Defense's (MOD) Secretary General for Defense Policy, Javier Jimenez-Ugarte, headed up the Spanish side. He was joined by Gen. Felix Sanz, Deputy Director General for International Relations, MOD; Adm. Enrique Perez, President of the Spanish component of the Hispano-American Permanent Committee on Defense Cooperation; Capt. Antonio Hernandez-Palacios, MOD Chief for NATO and European Union Issues; Lt. Col. Victor Pastor, NATO Department, MOD; Concepcion Figueroa, Ministry of Foreign Affairs; and three representatives from Spain's mission to NATO.

18. (U) DASD Brzezinski has cleared this cable.
ARGYROS